

Disclosure Statement

Bank of Baroda (New Zealand) Limited

**Disclosure statement for the nine months
ended 31 December 2014**

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1. Definitions

In this Disclosure Statement, unless the context otherwise requires:

Act means the Reserve Bank of New Zealand Act 1989;

Bank means Bank of Baroda (New Zealand) Limited;

Banking Group means the Bank and its subsidiaries;

Board means the board of directors of the Bank;

BOB means Bank of Baroda (India);

Director means a director of the Bank;

INR means Indian Rupees;

Parent Guarantee has the meaning given in section 3.1; and

USD means United States Dollars.

Unless otherwise defined in this disclosure statement, terms defined in the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (as amended) 2014 (the **Order**) have the same meaning in this document.

2. General information

2.1 Name and address for service of registered bank

- (a) The full name of the Bank is Bank of Baroda (New Zealand) Limited and its address for service is:

Bank of Baroda (New Zealand) Limited
114 Dominion Road
PB No. 56580, Post Code 1446
Auckland
New Zealand

- (b) The Bank's website address is: *www.barodanzltd.co.nz*

2.2 Details of ultimate parent bank and ultimate holding company

(a) Ultimate parent bank

The Bank's ultimate parent bank is Bank of Baroda, an Indian incorporated bank (**BOB**). There has been no change to the ultimate parent bank since 31 March 2014. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2014.

(b) Ultimate holding company

There has been no change to the ultimate holding company since 31 March 2014. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2014.

2.3 A summary of any regulations, legislation or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of BOB to provide material financial support to the Bank

The obligations of the Bank are guaranteed by BOB (see section 3 below for further information on the guarantee arrangements).

There are no legislative, regulatory or other restrictions of a legally enforceable nature in India (BOB's country of incorporation) that may materially inhibit the legal ability of BOB to provide material financial support to the Bank.

2.4 Priority of financial liabilities in the event of liquidation

In the unlikely event that the Bank was put into liquidation or ceases to trade, claims of secured creditors and those creditors set out in the Seventh Schedule of the Companies Act 1993 would rank ahead of the claims of unsecured creditors. Deposits from customers are unsecured and rank equally with other unsecured liabilities of the Bank.

3. Guarantee

3.1 Guarantee arrangements

As at the date of this disclosure statement, the obligations of the Bank are guaranteed by BOB.

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's Disclosure Statement for the year ended 31 March 2014. A copy of the Disclosure Statement can be obtained from the Bank's website www.barodanzltd.co.nz.

There have been no material changes to the guarantee since the signing of that Disclosure Statement.

(a) Details of the guarantor

The guarantor is BOB. BOB is the Bank's ultimate parent and ultimate holding company. Bank of Baroda is not a member of the Banking Group.

The address for service of the guarantor is:

Baroda Corporate Centre
C-26, G-Block
Bandra Kurla Complex
Mumbai – 400 051
India

As at 31 December 2014, the publicly disclosed capital of BOB was INR 390969.80 million (USD 6,202.92 million) representing 12.94% of risk weighted exposure.

BOB has the following credit rating applicable to its long-term senior unsecured obligations (payable in INR):

Rating Agency	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Moody's Investor Services Limited	Baa3	Stable	Nil	YES
Fitch IBCA, Inc.	BBB-	Stable	Nil	YES

On 18 June 2012 Fitch IBCA, Inc. changed BOB's credit rating outlook from stable to negative. And on 14 June 2013 it upgraded the outlook from negative to stable. Further, on 3 September 2014, it kept the rating & outlook unchanged. On 30 January 2012 Moody's Investor services Limited changed BOB's credit rating from Baa2 to Baa3. On 13 December 2012 Moody's Investor Services Limited changed BOB's credit rating outlook from stable to negative and on 16 August 2013 it changed the outlook from negative to stable. There have been no other rating changes for BOB within the last two years.

Details of the applicable rating scale can be found at section 0 of this disclosure statement.

(b) Details of guaranteed obligations

- a. Bank of Baroda guarantees due payment of all indebtedness of the Bank to the Bank's depositors and other creditors
 - (i) There are no limits on the amount of the obligations guaranteed.
 - (ii) There are no material conditions applicable to the guarantee, other than non-performance by the Bank.
 - (iii) There are no material legislative or regulatory restrictions in India (BOB's country of incorporation) that would have the effect of subordinating the claims of the Bank's creditors under the Parent Guarantee to other claims on BOB in a winding up of BOB.
 - (iv) The Parent Guarantee does not have an expiry date.

4. Directors

4.1 Communications

The address to which any document or communication may be sent to any Director is:

Bank of Baroda (New Zealand) Limited
114 Dominion Road
PB No. 56580, Post Code 1446
Auckland
New Zealand

The document or communication should be marked to the attention of the relevant Director.

The following changes in the composition of the Board of Directors of the Bank (the "Board") have been effected since 31 March 2014:

- (i) S.S. Mundra resigned from the Board with effect from 30 July 2014.
- (ii) Navin C. Upreti resigned from the Board on 30th September 2014 and repatriated to India on 11th October 2014.
- (iii) Prahlad Das Gupta has been inducted as the Managing Director on 11th October 2014

4.2 Responsible person

The responsible person authorised to sign this disclosure statement on behalf of the Board, comprising:

- Dr Rajen Prasad, Chairman & Independent Director
- Prahlad Das Gupta, Managing Director
- R. S. Setia, Non-Executive (Non-independent) Director
- Vailankanni Wenceslaus Melchoir Anthony, Independent Director
- Ranjna Patel, Independent Director

in accordance with section 82 of the Act is **Prahlad Das Gupta**.

5. Conditions of registration

The conditions of registration imposed on the Bank which applied on or after 30 March 2014 and were reported in the Bank's Disclosure Statement for the half year ended 30 September 2014 remain unchanged up to 31 October 2014. The Bank has complied with its conditions throughout the period.

The conditions apply on and after 1 November 2014 are as follows:

The registration of Bank of Baroda (New Zealand) Limited ('the bank') as a registered bank is subject to the following conditions:

1. That—

- (a) the Total capital ratio of the banking group is not less than 8%;
- (b) the tier one capital ratio of the banking group is not less than 6%;
- (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%; and
- (d) the Total capital of the banking group is not less than \$30 million; and
- (e) the process in Subpart 2H of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration, capital, the Total capital ratio and the Tier 1 capital ratio, and the Common Equity Tier 1 capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014.

1A. That—

- (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a Bank's Internal Capital Adequacy Process ("ICAAP")" (BS12) dated December 2007;
- (b) under its ICAAP, the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014; and
- (c) the bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:

- (a) according to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit to distributions that corresponds to the banking group's buffer ratio;

Banking group's buffer ratio	Percentage limit to distributions of the bank's earnings
0%-0.625%	0%
>0.625-1.25%	20%
>1.25-1.875%	40%
>1.875-2.5%	60%

(b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5% within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and

(c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

“buffer ratio”, “distributions”, and “earnings” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated July 2014.

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

3. That the banking group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business—

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit rating of the bank¹	Connected exposure limit (% of the banking group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15 percent of the banking group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled “Connected Exposures Policy” (BS8) dated October 2014.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
- the board of the bank must have at least five directors,
 - the majority of the board members must be non-executive directors;
 - at least half of the board members must be independent directors;
 - an alternate director,—
 - for a non-executive director must be non-executive; and
 - for an independent director must be independent;
 - at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
 - the chairperson of the board of the bank must be independent; and
 - the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, “non-executive” and “independent” have the same meaning as in the Reserve Bank of New Zealand document entitled “Corporate Governance” (BS14) dated July 2014.

¹ This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
8. That a person must not be appointed as chairperson of the board of the bank unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
 - (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
 - (b) the committee must have at least three members;
 - (c) every member of the committee must be a non-executive director of the bank;
 - (d) the majority of the members of the committee must be independent; and
 - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
11. That the banking group complies with the following quantitative requirements for liquidity-risk management:
 - (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
 - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
 - (c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated July 2014 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
 - (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;

- (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
 - (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.
13. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

“total assets” means all assets of the banking group plus any assets held by any SPV that are not included in the banking group’s assets:

“SPV” means a person—

- (a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
- (b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
- (c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

“covered bond” means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

14. That-

- (a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:
 - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
 - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
 - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
 - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
 - (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, “qualifying acquisition or business combination”, “notification threshold” and “non-objection threshold” have the same meaning

as in the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011.

15. That for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio of more than 80% exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.

16. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

17. That the bank must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.

18. That the bank must not provide a residential mortgage loan if the residential property to be mortgaged to the bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.

19. That the bank must not act as broker or arrange for a member of its banking group to provide a residential mortgage loan.

In these conditions of registration,—

“banking group” ---

means Bank of Baroda (New Zealand) Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act.

“generally accepted accounting practice”—

has the same meaning as in section 8 of the Financial Reporting Act 2013.

In conditions of registration 15 to 19, ---

“loan-to-valuation ratio”, “loan value”, “property value”, “qualifying new mortgage lending amount” and residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated October 2014:

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of March 2014.

6. Pending proceedings or arbitration

As at the date of this disclosure statement, there are no pending proceedings or arbitration concerning the Bank, whether in New Zealand or elsewhere, that may have a material adverse effect on the Bank.

7. Credit rating

7.1 Rating information

The credit rating of the Bank is as follows:

Rating Agency	Type of Rating	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Fitch IBCA, Inc.	Long-term foreign currency Issuer Default Rating	BBB-	Stable	Nil	Yes

On 18 June 2012 Fitch IBCA, Inc. changed BOB's credit rating outlook from stable to negative. And on 14 June 2013 it upgraded the outlook from negative to stable. Further, on 3 September 2014, it kept the rating & outlook unchanged.

7.2 Applicable ratings scales

Long Term Debt Ratings	Moody's	S&P	FITCH
Highest quality/Extremely strong capacity to pay interest and principal	Aaa	AAA	AAA
High quality/Very strong	Aa	AA	AA
Upper medium grade/Strong	A	A	A
Medium grade (lowest investment grade)/Adequate	Baa	BBB	BBB
Predominately speculative/Less near term vulnerability to default	Ba	BB	BB
Speculative, low grade/Greater vulnerability	B	B	B
Poor to default/identifiable vulnerability	Caa	CCC	CCC
Highest speculations	Ca	CC	CC
Lowest quality, no interest	C	C	C
Payment in default, in arrears – questionable value		D	D

Moody's applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter rating category, (2) in mid-range, (3) in lower end.

Fitch and S&P apply plus (+) or minus (-) signs to ratings from 'AA to 'CCC' to indicate relative standing within the major rating categories.

8. Other material matters

There are no other matters relating to the business or affairs of the Bank, other than those contained in this disclosure statement that, if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.

9. Directors' statements

Each Director of the Bank, after due inquiry, believes as at the date of signing that this disclosure statement:

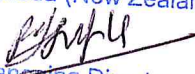
- a. contains all the information that is required by the Order; and
- b. is not false or misleading.

Each Director of the Bank, after due enquiry believes that for the nine months ended 31 December 2014:

- a. the Bank has complied with all conditions of registration that applied during the period;
- b. credit exposures to connected persons were not contrary to the interests of the Bank;
- c. the Bank has systems in place to monitor and control adequately the Bank's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

For and on behalf of all of the Directors of the Bank (by resolution) this disclosure statement is dated at Auckland, New Zealand this 19 February 2015 and signed by Prahlad Das Gupta as responsible person.

Bank of Baroda (New Zealand) Ltd


Managing Director

Prahlad Das Gupta
Managing Director
Bank of Baroda (New Zealand) Limited

10. **Financial statements**

The financial statements for the Bank for the nine months ended 31 December 2014 are attached as Appendix and form part of this disclosure statement.

Appendix: Financial Statements

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the nine months ended 31
December 2014

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BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

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STATEMENT OF COMPREHENSIVE INCOME	Notes	Unaudited Nine months ended 31 December 2014 \$'000	Unaudited Nine months ended 31 December 2013 \$'000	Audited Year ended 31 March 2014 \$'000
For the nine months ended 31 December 2014				
Interest income		2,457	2,138	2,922
Interest expense		(513)	(414)	(569)
Net interest income		1,944	1,724	2,353
Gains/(losses) on financial instruments at fair value through profit or loss		-	-	-
Other income	2	975	1,031	1,361
Total operating income		2,919	2,755	3,714
Operating expenses		(2,227)	(2,092)	(2,807)
Impairment losses on loans and advances	4	(50)	(73)	(28)
Net profit/(loss) before taxation		642	590	879
Taxation (expense)/benefit		----	-	384
Net profit/(loss) after taxation		642	590	1,263
Other comprehensive income		-	-	-
Total comprehensive income		642	590	1,263

The accompanying notes form an integral part of these financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

STATEMENT OF CHANGES IN EQUITY For the nine months ended 31 December 2014	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2014	40,000	2,917	42,917
Net profit/(loss) after taxation and total comprehensive income	-	642	642
Balance at 31 December 2014 ((Unaudited))	40,000	3,559	43,559
Balance at 1 April 2013	40,000	1,654	41,654
Net profit/(loss) after taxation and total comprehensive income	-	1,263	1,263
Balance as at 31 March 2014 (Audited)	40,000	2,917	42,917
Balance at 1 April 2013	40,000	1,654	41,654
Net profit/(loss) after taxation and total comprehensive income	-	590	590
Balance at 31 December 2013 (Unaudited)	40,000	2,244	42,244

The accompanying notes form an integral part of these financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

BALANCE SHEET				
As at 31 December 2014	Notes	Unaudited 31 December 2014 \$'000	Unaudited 31 December 2013 \$'000	Audited 31 March 2014 \$'000
Assets				
Cash and cash equivalents		2,935	2,327	4,657
Balances due from related parties		2,974	2,798	2,718
Due from other financial institutions		14,600	22,500	17,300
Financial assets at fair value through profit or loss		-	-	-
Available-for-sale assets		-	-	-
Loans and advances	3	50,033	37,652	43,096
Property, plant and equipment		640	809	762
Intangible assets		-	-	-
Current taxation		-	-	-
Deferred tax asset		816	432	816
Other assets		377	435	354
Total assets		72,375	66,953	69,703
Liabilities				
Due to other financial institutions		-	-	-
Balances due to related parties		598	264	1,337
Deposits and other borrowings		28,042	24,295	25,288
Financial liabilities held at fair value through profit or loss		-	-	-
Debt securities issued		-	-	-
Current taxation		-	-	-
Other liabilities		176	150	161
Term subordinated debt		-	-	-
Total liabilities		28,816	24,709	26,786
Shareholders' equity				
Share capital		40,000	40,000	40,000
Reserves		3,559	2,244	2,917
Total shareholders' equity		43,559	42,244	42,917
Total shareholders' equity and liabilities		72,375	66,953	69,703
Total interest earning and discount bearing assets		69,093	64,021	64,180
Total interest and discount bearing liabilities		25,755	21,107	23,196

For and on behalf of the Board

Bank of Baroda (New Zealand) Ltd


Managing Director

Director

Authorised for issue on 19 February 2015

The accompanying notes form an integral part of these financial statements, and should be read in conjunction with the financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

CASH FLOW STATEMENT	Unaudited	Unaudited	Audited
For the nine months ended 31 December 2014	Nine months ended	Nine months ended	Year ended
	31 December 2014	31 December 2013	31 March 2014
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Interest received	2,457	2,233	3,053
Fees and other income	975	1,031	1,361
Operating expenses paid	(2,227)	(1,899)	(2,547)
Interest paid	(513)	(424)	(579)
Taxes paid	-	-	-
Net cash flows from operating activities before changes in operating assets and liabilities	692	941	1,288
Net changes in operating assets and liabilities:			
(Increase)/decrease in financial assets held for trading	-	-	-
Decrease/(increase) in available-for-sale-assets	-	-	-
Increase in loans and advances	(6,937)	(9,570)	(14,969)
Decrease/(increase) in balances due from other financial institutions	2,700	4,300	9,500
Increase/(decrease) in deposits and other borrowings	2,754	3,853	4,846
Increase/(decrease) in balances due to related parties	(739)	(988)	85
Increase in balances due to financial institutions	-	-	-
Increase in other assets	(23)	169	214
Increase/(decrease) in other liabilities and provisions	-	-	-
Decrease/(increase) in balances due from related parties	(256)	66	146
Net cash flows from operating activities	2,501	(1,229)	1,110
Cash flows from investing activities			
Purchase of property, plant and equipment	---	(12)	(21)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
Net cash flows from investing activities	---	(12)	(21)
Cash flows from financing activities			
Issue of shares	-	-	-
Capital injection from shareholders	-	-	-
Proceeds from term subordinated debt	-	-	-
Proceeds from related parties	-	-	-
Increase in debt securities issued	-	-	-
Dividends paid	-	-	-
Net cash flows from financing activities	-	-	-
Increase in cash and cash equivalents	(1,722)	(1,241)	1,089
Add opening cash and cash equivalents	4,657	3,568	3,568
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Closing cash and cash equivalents	2,935	2,327	4,657

The accompanying notes form an integral part of these financial statements, and should be read in conjunction with the financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED
FINANCIAL STATEMENTS
For the nine months ended 31 December 2014

CASH FLOW STATEMENT	Unaudited	Unaudited	Audited
For the nine months ended 31 December 2014	Nine months ended	Nine months ended	Year ended
	31 December 2014	31 December 2013	31 March 2014
	\$'000	\$'000	\$'000
Reconciliation of net profit after taxation to net cash-flows from operating activities			
Net profit/(loss) after taxation	642	590	1,263
Non cash movements:			
Unrealised fair value adjustments	-	-	-
Depreciation	125	166	222
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	27	50	64
Increase in individual allowance for impairment losses	23	23	(36)
(Increase)/decrease in deferred expenditure	-	-	-
Unsecured lending losses	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	---	-	(384)
Net movement in operating assets and liabilities	175	239	(134)
(Increase)/decrease in financial assets at fair value through profit or loss	-	-	-
Decrease/(increase) in available-for-sale assets	-	-	-
Increase in loans and advances	(6,937)	(9,570)	(14,969)
Decrease/(increase) in balances due from other financial institutions	2,700	4,300	9,500
Increase in deposits and other borrowings	2,754	3,853	4,846
Increase in balances due to other financial institutions	(739)	-	-
Increase in other liabilities	-	17	28
Increase in interest receivable	(23)	95	131
Increase/(decrease) in balances due to related parties	-	(988)	85
Increase/(decrease) in current taxation	-	-	-
Increase in other assets	(256)	169	214
Decrease/(increase) in balances due from related parties	-	66	146
Net cash flows from operating activities	2,501	(1,229)	1,110

The accompanying notes form an integral part of these financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the nine months ended 31 December 2014****1. STATEMENT OF ACCOUNTING POLICIES****Statutory base**

These financial statements have been prepared and presented in accordance with the Order and the Reserve Bank Act.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), as appropriate for profit-oriented entities, and the New Zealand equivalent to International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting* and should be read in conjunction with the General Disclosure Statement for the year ended 31 March 2014.

These financial statements comply with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These financial statements were authorised for issue by the Board on 19 February 2015. The Board has the power to amend the financial statements after they are authorised for issue.

Basis of preparation

These financial statements are based on the general principles of historical cost accounting, as modified by fair value accounting for available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts. The going concern concept and the accruals basis of accounting have been adopted. All amounts are expressed in thousands of New Zealand dollars unless otherwise stated.

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the Disclosure Statement for the year ended 31 March 2014.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise indicated.

2. OTHER INCOME

	Unaudited Nine months ended 31 December 2014 \$'000	Unaudited Nine months ended 31 December 2013 \$'000	Audited Year ended 31 March 2014 \$'000
Other Income			
Banking and lending fee income	16	90	123
Net commissions revenue	7	33	82
Payment services fee income	-	-	-
Bad debts recovered	-	-	-
Gain on sale of property, plant and equipment	-	-	-
Net foreign exchange gains	829	871	1,152
Other revenue	123	37	4
Total other income	975	1,031	1,361

3. LOANS AND ADVANCES

	Unaudited Nine months ended 31 December 2014 \$'000	Unaudited Nine months ended 31 December 2013 \$'000	Audited Year ended 31 March 2014 \$'000
Loans and advances	50,346	37,960	43,359
Allowance for impairment losses	(313)	(308)	(263)
Total net loans and receivables	50,033	37,652	43,096
Allowance for impairment losses reconciliation			
Balance at beginning of the year	263	235	235
Charged to the income statement	50	73	28
Balance at end of the year	313	308	263

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2014
4. ASSET QUALITY

As at 31 December 2014 Unaudited	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Neither past due nor impaired	38,775	8,895	1,572	49,242
Past due but not impaired	359	633	-	992
Impaired		103	9	112
Gross loans and advances	39,134	9,631	1,581	50,346
Less Allowance for impairment	(139)	(150)	(24)	(313)
Net loans and advances	38,995	9,481	1,557	50,033

Past due assets	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
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Gross amount of finance receivables that were past due but not impaired were as follows:

Business

Past due up to 30 days	359	633	-	992
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
Total	359	633	-	992

Individually impaired assets	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Gross Impaired				
Balance at beginning of the year	-	78	11	89
Net additions	-	25	-	25
Deletions	-	-	(2)	(2)
Amounts written off	-	-	-	-
Balance at end of the year	-	103	9	112
Aggregate individual credit impairment allowances	-	(103)	(9)	(112)

Individual credit impairment allowances	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	-	78	11	89
Charged to the income statements	-	25	-	25
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	(2)	(2)
Total amounts per income statement	-	25	(2)	23
Balance at end of year	-	103	9	112

Collective credit impairment allowance	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	112	47	15	174
Charged to the income statement	27	-	-	27
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per income statement	27	-	-	27
Balance at end of year	139	47	15	201

The Bank does not have any restructured assets, any financial, real estate or other assets acquired through security enforcement or any other assets under administration.

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the period to 31st December 2014.

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2014
5. CONCENTRATION OF CREDIT RISK

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties. Industry analysis as at balance date is as follows:

	Unaudited 31 December 2014 \$'000
New Zealand	
Government	-
Finance	16,403
Households	40,333
Transport and storage	-
Communications	-
Electricity, gas and water	-
Construction	3,509
Property services	2,445
Agriculture	-
Health and community services	1,001
Personal and other services	1,194
Retail and wholesale trade	1104
Food & other manufacturing	447
Overseas	
Finance, Investment and insurance	2,657
Total financial assets (interest earning)	69,093
Allowance for impairment losses	(313)
Other financial assets	2,139
Total net financial assets	70,919

An analysis of financial assets by geographical sector at balance date is as follows:

	Unaudited 31 December 2014 \$'000
New Zealand	
Upper North Island	54,892
Lower North Island	13,366
South Island	-
Overseas	2,974
Total financial assets	71,232
Allowance for impairment losses	(313)
Total net financial assets	70,919

Maximum exposure to credit risk before collateral held or other credit enhancements

	Unaudited 31 December 2014 \$'000
Loans and advances	50,346
Balances with related parties	2,974
Due from other financial institutions	14,600
Derivative financial instruments	-
Financial assets held for trading	-
Available-for-sale assets	-
Cash and cash equivalents	2,935
Other financial assets	377
Total gross financial assets	71,232
Allowance for impairment losses	(313)
Total net financial assets	70,919

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2014
6. CONCENTRATION OF FUNDING

Concentrations of funding arise where the Bank is funded by industries of a similar nature or in particular geographies. An analysis of financial liabilities by industry sector and geography at balance date is as follows:

	Unaudited 31 December 2014 \$'000
New Zealand	
Transport and storage	-
Financing, investment and insurance	-
Electricity, gas and water	-
Food & other manufacturing	-
Construction	-
Government, local authorities and services	-
Agriculture	-
Health and community services	-
Personal and other services	-
Property and business services	-
Education	-
Retail and wholesale trade	-
Other	2,303
Households	23,452
Total financial liabilities (interest bearing)	25,755
Other financial liabilities	2,463
Overseas	
Amount due to related parties	598
Total financial liabilities	28,816

7. SEGMENTAL INFORMATION

The Bank operates as a single segment in the banking and finance industry in New Zealand.

8. LEASE COMMITMENTS

	Unaudited 31 December 2014s Nine months ended \$'000	Unaudited 31 December 2013 Nine months ended \$'000	Audited 31 March 2014 Year ended \$'000
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	362	382	389
1-2 years	335	328	332
2-5 years	786	920	820
5+ years	141	591	335
Total	1,624	2,221	1,876

9. CAPITAL COMMITMENTS

As at 31 December 2014 there are no material outstanding capital commitments (31 December 2013: Nil, 31 March 2014: Nil).

10. CONTINGENT LIABILITIES

	Unaudited 31 December 2014 Nine months ended \$'000	Unaudited 31 December 2013 Nine months ended \$'000	Audited 31 March 2014 Year ended \$'000
Contingent Liabilities			
Performance/financial guarantees issued on behalf of customers	875	1,103	650
Documentary Credit (L.C)	-	24	-
Total Contingent Liabilities	875	1,127	650
Undrawn Commitments	2,835	3,694	2,662

11. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no subsequent events after balance date.

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2014
12. LIQUIDITY RISK

The Bank's policies for managing liquidity are set out in Disclosure Statement for the year ended 31 March 2014. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and is not disclosed based on expected cash flows.

31 December 2014 Unaudited	On Demand \$'000	Up to 3 months \$'000	3 to 12 Months \$'000	Between 1 & 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial assets						
Cash and cash equivalents	2,935	-	-	-	-	2,935
Due from other financial institutions	-	8,731	6,051	-	-	14,782
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	3,235	11,234	14,184	48,293	76,946
Due from related parties	-	2,974	-	-	-	2,974
Other financial assets	-	462	-	-	-	462
Total financial assets	2,935	15,402	17,285	14,184	48,293	98,099
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	8,910	9,470	8,800	1,513	-	28,693
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	598	-	-	-	-	598
Other financial liabilities	-	177	-	-	-	177
Total financial liabilities	9,508	9,647	8,800	1,513	-	29,468
Net non derivative cash flows	(6,249)	8,224	8,484	12,671	48,293	71,423
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	-	-	875	-	-	875
Total	-	-	875	-	-	875
Net cash flows	-6,249	8,224	9,359	12,671	48,293	72,298

The bank holds following liquid assets for the purpose of managing Liquidity Risk.

	31 December 2014 \$'000	31 December 2013 \$'000	31 March 2014 \$'000
Cash and bank balances	2,935	3,301	4,657
Short term deposits	14,600	27,300	17,300
Deposit/cash held with related parties	2,974	2,746	2,718
Total Liquid assets	20,509	33,347	24,675

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2014
13. INTEREST RATE SENSITIVITY

The table below summarises the Bank's exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

31 December 2014 Unaudited	Total \$'000	Interest insensitive \$'000	Up to 3 months \$'000	Between 3 months & 6 months \$'000	Between 6 months & 1 year \$'000	Between 1 & 2 years \$'000	Between 2 & 5 years \$'000	Over 5 years \$'000
Financial assets								
Cash and cash equivalents	2,935	2,935	-	-	-	-	-	-
Due from other financial institutions	14,600	-	11,100	-	3,500	-	-	-
Financial assets held at fair value through profit or loss	-	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	50,033	-	29,229	550	3,849	16,405	-	-
Balances with related parties	2,974	324	100	2,550	-	-	-	-
Other financial assets	377	377	-	-	-	-	-	-
Total financial assets	70,919	3,636	40,429	3,100	7,349	16,405	-	-
Financial liabilities								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	28,041	2,286	15,495	6,040	2,760	890	570	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	598	598	-	-	-	-	-	-
Other financial liabilities	177	177	-	-	-	-	-	-
Total financial liabilities	28,816	3,061	15,495	6,040	2,760	890	570	-
On-balance sheet gap								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	42,103	575	24,934	(2,940)	4,589	15,515	(570)	-

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

14. CREDIT EXPOSURE CONCENTRATIONS

Credit exposure concentrations are disclosed on the basis of actual exposures and gross of set-offs. Peak end-of-day aggregate credit exposures have been calculated using the Bank's tier one capital at the end of the quarter.

The number of individual counterparties, excluding connected persons, where the period end and peak end-of-day aggregate actual credit exposures, net of individual credit impairment allowances (which were nil), equalled or exceeded 10% of the Bank's shareholder's equity:

- as at 31 December 2014 was nil, and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 31 December 2014 was nil.

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any bank with a long-term credit rating of A- or A3 or above, or its equivalent. These calculations relate only to exposures held in the financial records of the Bank and were calculated net of individually assessed provisions.

15. FIDUCIARY ACTIVITIES

As at balance date the Bank is not involved in:

- The establishment, marketing, or sponsorship of trust, custodial, funds management and other fiduciary activities; or
- The origination of securitised assets; or
- The marketing or servicing of securitisation schemes; or
- The marketing and distribution of insurance products.

16. RISK MANAGEMENT POLICIES

There have been no material changes to the risk management policies and no new categories of risk to which the Bank has become exposed since 31 March 2014.

BANK OF BARODA (NEW ZEALAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the nine months ended 31 December 2014****17. CAPITAL ADEQUACY****Capital**

The Bank has 40,000,000 fully paid up ordinary shares (tier one capital) issued at NZ \$1.00 per share.

BOB is the sole shareholder. Each share confers on the holder the right to:

- one vote on a poll at a meeting of the shareholders on any resolution to:
 - appoint or remove a Director or auditor; or
 - alter the Bank's constitution; or
 - approve a major transaction; or
 - approve an amalgamation under section 221 of the Companies Act 1993; or
 - put the Bank into liquidation;
- a proportionate share in dividends authorised by the Board; and
- a proportionate share in the distribution of the surplus assets of the Bank.

Other classes of capital instrument

The Bank does not have any other classes of capital instrument in its capital structure.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of risk weighted exposures. As a condition of registration, the Bank must comply with the following minimum capital requirements set by the RBNZ:

- Total regulatory capital must not be less than 8% of risk weighted exposures.
- Tier One capital must not be less than 6% of risk weighted exposures.
- Capital must not be less than NZ\$30 million.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the -9- months ended 31 December 2014. The Bank was registered on 1 September 2009 and from the date of registration to 31 December 2014; the Bank has complied with both regulatory and internal capital adequacy requirements.

The Bank has considered other material risks not included below and whether to allocate any capital to cover these risks and concluded that these risks are not significant and have therefore not allocated any capital to cover them.

	Unaudited 31 December 2014 \$'000
Tier one capital	
Issued and fully paid up share capital	40,000
Perpetual fully paid up non-cumulative preference shares	-
Revenue and similar reserves ¹	2,917
Current period's retained profits	642
Tier one minority interests	-
Less: deductions from tier one capital	-
Plus: other adjustments to tier one capital	-
Total tier one capital	43,559
Tier two capital	
Upper tier two capital	
Unaudited retained profits	-
Revaluation reserves	-
Upper tier two capital instruments (specify)	-
Lower tier two capital	
Term subordinated debt	-
Other capital elements with original maturity of five years or more	-
Total tier two capital	-
Tier one capital plus tier two capital	43,559
Less: deductions from total capital (specify each deduction)	-
Plus: other adjustments to total capital (specify each adjustment)	-
Total capital	43,559

1 Revenue and similar reserves consists of prior period retained profits.

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

17. CAPITAL ADEQUACY (Continued)

Credit risk

Unaudited 31 December 2014	Total exposure after credit risk mitigation \$'000	Risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Calculation of on-balance-sheet exposures				
Cash and gold bullion	531	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	17,574	20%	3,515	281
Banks	4,405	50%	2,203	176
Corporate	6062	100%	6,062	485
Residential mortgages not past due –LVR up to 80%	27,685	35%	9,690	775
Residential mortgages not past due –LVR >80% but up to 90%	11,090	50%	5,545	444
Past due residential mortgages	359	100%	359	29
Other past due assets	633	100%	633	51
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non Risk Weighted Assets	-	0%	-	-
Other assets	1,833	100%	1,833	147
Total on balance sheet exposures after credit risk mitigation	70,172		29,840	2,388

Unaudited 31 December 2014	Total exposure \$'000	Credit conversion factor	Credit equivalent amount \$'000	Average risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital require- ment \$'000
Calculation of off-balance sheet exposures						
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	2,835	20%	567	100%	567	45
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	875	50%	438	100%	438	35
Trade-related contingency	-	20%	-	100%	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	-	-	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	00	1%	0	100%	0	0
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	3,710	-	1,005	-	1,005	80

Residential mortgages by loan-to-valuation ratio

	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan –to-value ratio				
Value of exposures	28,044	11,090	-	39,134

Reconciliation of residential mortgage-related amounts

	Unaudited 31 December 2014 \$'000
Residential mortgage loans (as disclosed in Note 4)	39,134
Residential mortgages by loan-to-value ratio	39,134

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2014
17. CAPITAL ADEQUACY (Continued)
Credit risk mitigation

Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting) \$'000	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives \$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	3,552	-
Residential mortgage	-	-
Other	2,663	-
Total	6,215	-

Operational risk capital requirement

	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	3,363	269

Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 5A of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2014. Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000
Interest rate risk	3,813	305	3,813	305
Foreign currency risk	100	8	100	8
Equity risk	-	-	-	-
Total capital requirements	3,913	313	1,288	103

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
Total credit risk + equity	73,882	30,845	2,468
Operational risk	-	3,363	269
Market risk	-	3,913	313
Total	73,882	38,121	3,050

Capital ratios

	Unaudited 31 December 2014	Unaudited 31 December 2013
Tier one capital ratio	113.64 %	114.40 %
Total capital ratio	113.64 %	114.40 %

17. CAPITAL ADEQUACY (Continued)

Capital adequacy of Ultimate Parent Bank

The Ultimate Parent Bank of Bank of Baroda (New Zealand) Limited is BOB.

BOB is required by the Reserve Bank of India to hold minimum capital at least equal to that specified under the Basel II (standardised) approach. This information is made available to users via the BOB website (www.bankofbaroda.com).

As at 31 December 2014, BOB's Tier One Capital was 9.61% of Total Risk-weighted Assets and Total Capital was 12.94% of Total Risk-weighted Assets (31 March 2014: Tier One Capital was 9.28% of Total Risk-weighted Assets and Total Capital was 12.28% of Total Risk-weighted Assets). BOB's capital ratios during the periods ended 31 December 2014 and 31 March 2014 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

18. OTHER MATERIAL MATTERS

There are no other matters relating to the business or affairs of the Bank, other than those contained in the financial statements that if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.